

CONFIDENTIAL

CLASSIFICATION **CONFIDENTIAL**
 CENTRAL INTELLIGENCE AGENCY
 INFORMATION FROM
 FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

50X1-HUM

CD NO.

COUNTRY China
 SUBJECT Economic - Industry
 HOW PUBLISHED Daily newspapers
 WHERE PUBLISHED Shanghai; Hong Kong
 DATE PUBLISHED 20 Jan - 7 Mar 1951
 LANGUAGE Chinese

DATE OF INFORMATION 1951

DATE DIST. 5 May 1951

NO. OF PAGES 4

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT, 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Newspapers as indicated.

SHANGHAI INDUSTRY IMPROVES IN 1950;
SMELTERS SET UP IN KWANGTUNG,
FACTORIES TO BE DISPERSED

HEAVY INDUSTRY PRODUCTION RECORD EXCELLENT -- Shanghai, Ta-kung Pao, 30 Jan 51

Shanghai's heavy industry production, especially machinery manufacturing, was outstanding during the past year due to the efforts of both laborers and management. Publicly owned factories generally, and privately owned factories for the most part, either fulfilled promptly or surpassed production goals for 1950.

Iron and steel plants and machine-tool plants generally fulfilled their quotas early or on time. For example, the Ta-wu Iron Plant's production -- over 75 percent of the entire quota -- was completed on schedule. Over 90 percent of the electrical equipment factories completed their quotas on time or ahead of schedule.

Among publicly owned factories, all factories in the steel industry completed their quotas for 1950 somewhere between the last 10 days of October and mid-December. In these factories, production of steel ingots, car wheels, and steel castings was 10 percent above average.

For the city as a whole, total steel production for 1950 was 383 percent of that of 1949, and that of steel materials, 687 percent. At the Asia Iron and Steel Plant, steel castings increased 9 times, lead wire 3.7 times, and manganese steel 2.7 times. Electrical equipment production was 10 percent above average. The Shanghai Electrical Cable Company did not complete its planned production quota; but production of coated cables was 25 percent above plan, and of electromagnets, 38 percent above.

The very encouraging rise in technological levels has enabled the Shanghai electrical equipment factories to complete the goal of transformers with a total capacity of 4,000 kilowatts. Moreover, these factories have begun working on large-scale transformers with a total capacity of 15,000 kilowatts. Also, the I-chung-fu Electrical Equipment and Magneto Company set an unprecedented record by completing high-voltage transformers with a total capacity of 2,100 kilowatts.

- 1 -

CONFIDENTIAL

CLASSIFICATION		CONFIDENTIAL		DISTRIBUTION							
STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB									
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI									

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

SHANGHAI PRIVATE INDUSTRY IMPROVES IN 1950 -- Shanghai, Chieh-fang Jih-pao,
28 Jan 51

Privately owned enterprises in the city have shown tremendous improvement in the past year under the excellent leadership and enthusiastic assistance of the People's government. Since mid-May, the number of firms returning to operation has increased daily, and the number of business failures has decreased daily. The amount of electricity consumed during November was the largest since before the liberation, and production in vital industries generally passed the highest levels during January 1950. Average monthly business increased from over 3.45 trillion yuan during the period March - May to more than 4.26 trillion from June to August, and new records were set during September and October.

During 1950, 879 applications for opening privately owned factories were filed with the People's government: 181 during the period January - July, and 698 from August to December. There were 525 applications by factories to return to operation: 3 during January, 2 during February, and one during March, increasing to 121 during September. There were 1,846 petitions of bankruptcy: 156 during January, increasing to 502 during May; but there was a general decline during the second half to only 25 during December.

Electricity consumption during 1950, taking the amount used during December 1949 as 100, was as follows: January, 96.11; February, 38.80; March, 58.12; April, 65.24; the latter 3 months were the most difficult for the city's industry. Beginning with June, the amount increased each month: June, 74.72; July, 81.75; August, 87.82; September, 99.03; October, 107.65; November, 122.53. The increases, according to industry, during the period June - November were: cotton spinning, 57 percent; dye industry, 45 percent; paper manufacturing, 178 percent; textiles, 173 percent. During December 1950, the amount of electricity used by vital industries further increased: cotton spinning, 146 percent; dye industry, 19.3 percent; paper manufacturing, 15 percent; textiles, 14.4 percent; wool spinning, 53 percent; flour milling, 38 percent; oil pressing, 156 percent; and the rubber industry, 10.2 percent.

By the end of 1950 the city's industry generally had restored its production past the highest level in January 1950, and compared to December 1949 it was still greater. The amount of cotton yarn produced during November was 27 percent more than in October, and was 51 percent above December 1949, while it was even further increased in December 1950. Cotton yarn sales during January 1950 were only 95 percent of December 1949, but by October had increased to 33 percent above, by November to 47 percent, and by December to 56 percent. Cigarette production increased every month after May 1950, production during December was 22 percent above December 1949, with a similar increase in sales. Cement production increased every month after April, production during December being 238 percent above December 1949, and sales 428 percent. Ordinary paper production during October was 113 percent above September, and during November mounted to over 96,000 reams, an increase over October. 310,000 reams, an increase over September.

Government control of the relationship between publicly and privately owned industry has mostly taken the form of processing contracts with privately owned factories. Since the liberation and up to December 1950, cotton yarn spun by contract topped 301,600 bales, more than half the production by privately owned mills in the city. Processing contracts also make up the largest part of the production of the city's electrical equipment, machine tool, and iron and steel plants.

From June to December 1949 cotton yarn production was more than 12,600 bales, cotton cloth production about 230,000 bolts, dyed cotton cloth 607,000 bolts, iron and steel approximately 5,629,000 items processed, electrical equipment and machine tools over 1,297,000 items, and sales of daily necessities

- 2 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

totalled more than 78.53 billion yuan. During the first 6 months of 1950, production totals were: cotton yarn, 51,500 bales; cotton cloth, 921,000 bolts; dyed cotton cloth, 241,000 bolts; electrical equipment and machine tools, 3,700 units contracted for; sales of daily necessities, 392.1 billion yuan. During the last 6 months of 1950 cotton yarn reached more than 237,000 bales; cotton cloth, over 2,130,000 bolts; dyed cotton cloth, over 2,309,000 bolts; and electrical equipment and machine tools, over 51,140,000 items contracted for. Sales of daily necessities totalled 181.86 billion yuan. During the last 6 months of 1949, total sales of silks were 14,400 bolts; during the last 6 months of 1950, they totalled over 32,800 bolts.

SHANGHAI STEEL PLANTS RAISE PRODUCTION -- Shanghai, Ta-kung Pao, 20 Jan 51

During the past year, production of the foundry of the Ta-hsin Machine Tool Company rose continuously, because of improvements in technology and efficiency. Since the 26 February 1950 bombing, the lowest monthly production of steel castings was only 6.75 tons. Production was raised each month thereafter through the zealous efforts of the workers under the expert direction of party leaders. In April 13.25 tons were produced, in June 45.98 tons, in July 55.3 tons, in September 78.6 tons, and in October 84.46 tons. With the introduction of the Resist America -- Aid Korea movement, production rose to the unprecedented figure of 106.5 tons in December.

In the electric furnace section, the workers smelted seven charges in 22 hours, breaking all previous records. In manufacturing railroad couplings, from the standpoint of quality, not only do their products far surpass the standards required by the Railroad Bureau, but even surpass the quality of American-made goods. For instance, during June, the average cross-section area of couplings, designed to withstand a pull of 60,000 pounds, was reduced by 47.2 percent, during July by 48.5 percent, August 50.0 percent, and October 51.5 percent. The quality of castings is continually on the rise.

ESTABLISH METAL SMELTERS IN KWANGTUNG -- Hong Kong, Kung-shang Jih-pao, 16 Feb 51

According to official sources, the Central People's government has recently established metal smelters in Lo-ch'ang and Shih-hsing hsiens in Northern Kwangtung. These plants were finished and in operation by the end of December 1950, and they employ over 400 workers. Officials in such places as Ju-ch'eng and Shih-hsing in Hunan Province have been assigned the responsibility of purchasing various mineral ores, including wolfram, aluminum, and manganese, which are to be sent to the above-mentioned smelters for refining. The smelting equipment, which was originally taken by the Russians and purchased back from the USSR, is large-scale, and the production record during the first trial period was excellent. Part of the refined wolfram produced by the two smelters, is sent to Hankow to be made into armaments, and the other part is sent out for Soviet use.

In February 1950, at the time leading Soviet technicians were sent to Kwangtung, they inspected various areas in the Kwangtung-Hunan border region and found large deposits of ores which would be helpful in fulfilling wartime production needs. Therefore, it is said that the making of plans for developing their refining has been turned over to the Central-South Military Administrative Committee.

- 3 -

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

50X1-HUM

ORDERS DISPERSAL OF FACTORIES -- Hong Kong, Kung-shang Jih-pao, 7 Mar 51

Canton, 6 March -- The Kwangtung Provincial government, to meet the changing situation, has ordered various important archives and properties belonging to offices and departments of the provincial government to move to Ch'u-chiang, Kiangsi Province, and to Lo-ch'ang, Kwangtung Province.

Also, various provincially owned factories have been ordered by the Industry Office to make comprehensive evacuation plans to leave urban areas. According to provincial government sources, plans for moving various provincially owned factories from the cities have been made according to fundamental principles, the selection of locations depending upon what will best suit each factory's particular situation. This question is now under investigation by the Industry Office, and the details of the operation must be worked out by industrial experts. It has already been decided to move a cement plant to the Northern Kwangtung-Kwansi area, and a paper plant and foodstuffs plant to Hsi-kiang, although the exact locations have not yet been determined. [There are three communities with the same name, two in Kwangtung and one in Kwangsi.]

- E N D -

- 4 -

CONFIDENTIAL

CONFIDENTIAL